



STATE OF WASHINGTON

OFFICE OF THE FORECAST COUNCIL

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OLYMPIA, November 14, 2003 --- There are increasing signs that the national recovery is accelerating to the point where employers are finally willing to increase their payrolls. The recent good news validates the September forecast which expected an upturn in employment in the fourth quarter. Washington employment growth is also expected to return to positive territory in the fourth quarter after two quarterly declines. Though revenue collections since the September forecast have been higher than expected, the difference was mostly due to non-recurring items.

The November 2003 General Fund-State revenue estimate for the 2003-05 biennium is \$22,820.9 million, which is \$65.2 million (0.3 percent) more than expected in September. Revenue collection experience since September accounted for \$44.1 million of the change. While economic conditions and revenue growth are improving, there is relatively little change to the revenue forecast for the biennium because, for the most part, the improvement was anticipated.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 biennium. The forecast based on more optimistic economic assumptions netted \$643 million (2.8 percent) more revenue than did the baseline while the pessimistic alternative was \$720 million (3.2 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded just \$24 million (0.1 percent) more revenue than did the baseline forecast.

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